

Message Text

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PAGE 01 PANAMA 07140 140056Z

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ACTION ARA-08

INFO OCT-01 ISO-00 EB-03 SS-14 INR-05 H-01 L-01 SIL-01

SP-02 RSC-01 PRS-01 SAB-01 /039 W

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R 132205Z DEC 74

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 2561

INFO AMEMBASSY TEGUCIGALPA

AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

C O N F I D E N T I A L PANAMA 7140

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LIMDIS

E.O. 11652: GDS

TAGS: ETRD, PN

SUBJ: PRESENT STATUS OF GOP/UNITED BRANDS NEGOTIATIONS

REF: PANAMA 7047; P. MORRIS TELEPHONE CONVERSATION WITH AMB.

DEC. 12, 1974

1. MR. ENRIQUEZ LOPEZ-BALBOA, UNITED BRANDS' (UB) REGIONAL MANAGER, BASED IN SAN JOSE, PROVIDED US WITH FOLLOWING LATEST DEVELOPMENTS: GOP-UB TALKS CONTINUED DAILY THROUGH THE LATE HOURS OF DECEMBER 12. THESE SESSIONS WERE UNDER THE CHAIRMANSHIP OF MINISTER OF AGRICULTURE GONZALEZ. OTHERS WERE VICE COMMERCE MINISTER, JULIETA FABREGA DE LRENZO, PRES. SUPPLY COMMISSION, MANUEL BALBINO MORENO AND COMMERCE LEGAL ADVISOR, CABRERA.

2. COMMERCE MINISTER MANFREDO ATTENDED ONLY OPENING SESSION DEC. 9 AND MR. LOPEZ BELIEVES THAT HE HAS BEEN RELIEVED OF THIS

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CONFIDENTIAL

PAGE 02 PANAMA 07140 140056Z

RESPONSIBILITY. HE CONSIDERS HIM TO BE A WONDERFUL PERSON SO-

CIALLY, BUT HARD TO DEAL WITH AT THE BARGAINING TABLE.

(NOTE: WE ARE SKEPTICAL ABOUT MANFREDO'S REMOVAL FROM THE BANANA PROBLEM EXCEPT FOR DIRECT NEGOTIATIONS ASPECT.)

3. UB WELCOMED THE CHANGE. THE NEW GOP GROUP WAS EXTREMELY POLITE AND EMPHASIZED THAT THE GOP/UB NEGOTIATIONS AIMED AT ORDERLY PURCHASE RATHER THAN AN ABRUPT TAKE OVER OF UB'S ASSETS BY GOP. THIS WILL REQUIRE A THREE-YEAR PHASED PERIOD DURING WHICH SPECIAL COMMISSIONS WILL EVALUATE UB'S ASSETS AND TRAIN LOCAL CLERICAL STAFF AND LABOR. UB WILL CONTINUE TO DISTRIBUTE AND MARKET BANANAS OVER A PERIOD TO BE DETERMINED BY GOP AND ANY EXTENSION WILL BE SUBJECT TO NEW NEGOTIATIONS.

4. MR. LOPEZ PLANS TO REMAIN IN PANAMA CITY THROUGH NEXT WEEK IN AN EFFORT TO SOLVE UB'S OUTSTANDING TAXATION PROBLEM AND COME UP WITH FINALIZED ARRANGEMENT WITH THE GOP BEFORE CHRISTMAS. HE ADDED UB'S DELEGATION, HEADED BY GELSTHORPE DEPARTED TODAY AND EXPECTED TO RETURN ON OR ABOUT DECEMBER 19.

5. MR. LOPEZ POINTED OUT BOTH GOP AND UB PLEDGED TO KEEP CURRENT SESSIONS IN UTMOST SECRECY. HE THEREFORE REQUESTED THAT NO RPT NO DETAILED REPORT BE PROVIDED TO "ANYONE" IN WASHINGTON UNTIL FINAL SETTLEMENT IS REACHED. THUS, ABOVE SHOULD BE CLOSELY HELD AND NOT DISCUSSED WITH COMPANY OR OTHERS.

6. COMMENT: NEEDLESS TO SAY WE WARE PLEASED WITH PRESENT TREND GOP/UB TALKS. INCIDENTALLY, I CALLED PRESIDENT LAKAS AND HE ASSURED ME GOP PLANNED NO RPT NO EXPROPRIATION AGAINST UB. WILL REPORT FURTHER AS DEVELOPMENTS OCCUR NEXT WEEK.
JORDEN

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